

ASSEMBLY BILL

No. 728

Introduced by Assembly Member Leno

February 19, 2003

An act to amend Section 11000.1 of the Business and Professions Code, relating to subdivided lands.

LEGISLATIVE COUNSEL'S DIGEST

AB 728, as introduced, Leno. Real estate: undivided interests.

Existing law provides for the regulation of real estate transactions, including subdivided lands transactions and defines “subdivided lands” and “subdivision” for these purposes with the exception of undivided interests that meet specified conditions.

This bill would make a clarifying change to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11000.1 of the Business and Professions
2 Code is amended to read:
3 11000.1. (a) “Subdivided lands” and “subdivision,” as
4 defined by Sections 11000 and 11004.5, also include improved or
5 unimproved land or lands, a lot or lots, or a parcel or parcels, of
6 any size, in which, for the purpose of sale or lease or financing,
7 whether immediate or future, five or more undivided interests are
8 created or are proposed to be created.

(b) This section does not apply to the creation or proposed creation of undivided interests in land if any one of the following conditions exists:

(1) The undivided interests are held or to be held by persons related one to the other by blood or marriage.

(2) The undivided interests are to be purchased and owned solely by persons who present evidence satisfactory to the Real Estate Commissioner that they are knowledgeable and experienced investors who comprehend the nature and extent of the risks involved in the ownership of these interests. The Real Estate Commissioner shall grant an exemption from this part if the undivided interests are to be purchased by no more than 10 persons, each of whom furnishes a signed statement to the commissioner that he or she (1) is fully informed concerning the real property to be acquired and his or her interest therein including the risks involved in ownership of undivided interests, and (2) is purchasing the interest or interests for his or her own account and with no present intention to resell or otherwise dispose of the interest for value, and (3) expressly waives protections afforded to a purchaser by this part.

(3) The undivided interests are created as the result of a foreclosure sale.

(4) The undivided interests are created by a valid order or decree of a court.

(5) The offering and sale of the undivided interests have been expressly qualified by the issuance of a permit from the Commissioner of Corporations pursuant to the Corporate Securities Law of 1968 (*Division 1 (commencing with Section 25000) of Title 4 of the Corporations Code*).

(6) The real property is offered for sale as a time-share project as defined in Section 11003.5.